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II

106TH CONGRESS  
1ST SESSION

## S. 496

To provide for the establishment of an assistance program for health insurance consumers.

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### IN THE SENATE OF THE UNITED STATES

MARCH 2, 1999

Mr. REED (for himself and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To provide for the establishment of an assistance program for health insurance consumers.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "**Health Care Consumer**  
5 **Assistance Act**".

6 **SEC. 2. GRANTS.**

7 (a) IN GENERAL.—The Secretary of Health and  
8 Human Services (referred to in this Act as the "Sec-  
9 retary") shall award grants to States to enable such  
10 States to enter into contracts for the establishment of con-

1 sumer assistance programs designed to assist consumers  
2 of health insurance in understanding their rights, respon-  
3 sibilities and choices among health insurance products.

4 (b) ELIGIBILITY.—To be eligible to receive a grant  
5 under this section a State shall prepare and submit to the  
6 Secretary an application at such time, in such manner,  
7 and containing such information as the Secretary may re-  
8 quire, including a State plan that describes—

9 (1) the manner in which the State will solicit  
10 proposals for, and enter into a contract with, an en-  
11 tity eligible under section 3 to serve as the health in-  
12 surance consumer office for the State; and

13 (2) the manner in which the State will ensure  
14 that advice and assistance services for health insur-  
15 ance consumers are coordinated through the office  
16 described in paragraph (1).

17 (c) AMOUNT OF GRANT.—

18 (1) IN GENERAL.—From amounts appropriated  
19 under section 5 for a fiscal year, the Secretary shall  
20 award a grant to a State in an amount that bears  
21 the same ratio to such amounts as the number of in-  
22 dividuals within the State covered under a health in-  
23 surance plan (as determined by the Secretary) bears  
24 to the total number of individuals covered under a  
25 health insurance plan in all States (as determined by

1 the Secretary). Any amounts provided to a State  
2 under this section that are not used by the State  
3 shall be remitted to the Secretary and reallocated in  
4 accordance with this paragraph.

5 (2) MINIMUM AMOUNT.—In no case shall the  
6 amount provided to a State under a grant under this  
7 section for a fiscal year be less than an amount  
8 equal to .5 percent of the amount appropriated for  
9 such fiscal year under section 5.

10 **SEC. 3. ELIGIBILITY OF STATE ENTITIES.**

11 To be eligible to enter into a contract with a State  
12 and operate as the health insurance consumer office for  
13 the State under this Act, an entity shall—

14 (1) be an independent, nonprofit entity with  
15 demonstrated experience in serving the needs of  
16 health care consumers (particularly low income and  
17 other consumers who are most in need of consumer  
18 assistance);

19 (2) prepare and submit to the State a proposal  
20 containing such information as the State may re-  
21 quire;

22 (3) demonstrate that the entity has the tech-  
23 nical, organizational, and professional capacity to  
24 operate the health insurance consumer office within  
25 the State;

1           (4) provide assurances that the entity has no  
2       real or perceived conflict of interest in providing ad-  
3       vice and assistance to consumers regarding health  
4       insurance and that the entity is independent of  
5       health insurance plans, companies, providers, payers,  
6       and regulators of care; and

7           (5) demonstrate that, using assistance provided  
8       by the State, the entity has the capacity to provide  
9       assistance and advice throughout the State to public  
10      and private health insurance consumers regardless  
11      of the source of coverage.

12   **SEC. 4. USE OF FUNDS.**

13       (a) BY STATE.—A State shall use amounts received  
14      under a grant under this Act to enter into a contract de-  
15      scribed in section 2(a) to provide funds for the establish-  
16      ment and operation of a health insurance consumer office.

17       (b) BY ENTITY.—

18           (1) IN GENERAL.—An entity that enters into a  
19      contract with a State under this Act shall use  
20      amounts received under the contract to establish and  
21      operate a health insurance consumer office.

22           (2) NONCOMPLIANCE.—If the State fails to  
23      enter into a contract under subsection (a), the Sec-  
24      retary shall withhold amounts to be provided to the  
25      State under this Act and use such amounts to enter

1 into the contract described in paragraph (1) for the  
2 State.

3 (c) ACTIVITIES OF OFFICE.—A health insurance con-  
4 sumer office established under this Act shall—

5 (1) provide information to health insurance con-  
6 sumers within the State relating to choice of health  
7 insurance products and the rights and responsibil-  
8 ities of consumers and insurers under such products;

9 (2) operate toll-free telephone hotlines to re-  
10 spond to requests for information, advice or assist-  
11 ance concerning health insurance in a timely and ef-  
12 ficient manner;

13 (3) produce and disseminate educational mate-  
14 rials concerning health insurance consumer and pa-  
15 tient rights;

16 (4) provide assistance and representation (in  
17 nonlitigative settings) to individuals who desire to  
18 appeal the denial, termination, or reduction of health  
19 care services, or the refusal to pay for such services,  
20 under a health insurance plan;

21 (5) make referrals to appropriate private and  
22 public individuals or entities so that inquiries, prob-  
23 lems, and grievances with respect to health insur-  
24 ance can be handled promptly and efficiently; and

1           (6) collect data concerning inquiries, problems,  
2           and grievances handled by the office and periodically  
3           disseminate a compilation and analysis of such infor-  
4           mation to employers, health plans, health insurers,  
5           regulatory agencies, and the general public.

6           (d) AVAILABILITY OF SERVICES.—The office shall  
7           not discriminate in the provision of services regardless of  
8           the source of the individual's health insurance coverage  
9           or prospective coverage, including individuals covered  
10          under employer-provided insurance, self-funded plans, the  
11          medicare or medicaid programs under title XVIII or XIX  
12          of the Social Security Act (42 U.S.C. 1395 and 1396 et  
13          seq.), or under any other Federal or State health care pro-  
14          gram.

15          (e) SUBCONTRACTS.—An office established under  
16          this section may carry out activities and provide services  
17          through contracts entered into with 1 or more nonprofit  
18          entities so long as the office can demonstrate that all of  
19          the requirements of this Act are met by the office.

20          (f) TRAINING.—

21                (1) IN GENERAL.—An office established under  
22                this section shall ensure that personnel employed by  
23                the office possess the skills, expertise, and informa-  
24                tion necessary to provide the services described in  
25                subsection (c).

(2) **CONTRACTS.**—To meet the requirement of paragraph (1), an office may enter into contracts with 1 or more nonprofit entities for the training (both through technical and educational assistance) of personnel and volunteers. To be eligible to receive a contract under this paragraph, an entity shall be independent of health insurance plans, companies, providers, payers, and regulators of care.

(3) **LIMITATION.**—Not to exceed 7 percent of the amount awarded to an entity under a contract under subsection (a) for a fiscal year may be used for the provision of training under this section.

(g) **ADMINISTRATIVE COSTS.**—Not to exceed 1 percent of the amount of a block grant awarded to the State under subsection (a) for a fiscal year may be used for administrative expenses by the State.

(h) **TERM.**—A contract entered into under subsection (a) shall be for a term of 3 years.

**SEC. 5. FUNDING.**

(a) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated such sums as may be necessary in each fiscal year to carry out this Act.

(b) **REPORT OF SECRETARY.**—Not later than 1 year after the date of enactment of this Act, and annually thereafter, the Secretary shall prepare and submit to the



1 appropriate committees of Congress a report that  
2 contains—

3           (1) a determination by the Secretary of whether  
4       amounts appropriated to carry out this Act for the  
5       fiscal year for which this report is being prepared  
6       are sufficient to fully fund this Act in such fiscal  
7       year; and

8           (2) with respect to a fiscal year for which the  
9       Secretary determines under paragraph (1) that suf-  
10      ficient amounts are not appropriated, the rec-  
11      ommendations of the Secretary for fully funding this  
12      Act through the use of additional funding sources.

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